



MORNING COMMENTS

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Friday, June 24, 2011

Today we show new crop 2011 charts along with new crop 2012 charts, see comments on the chart pages

Position Management: The table shows how the Model Farm is positioned at this time. Individual recommendations may vary.

	2010 Crop	2011 Crop	2012 Crop
Corn	90% sold with basis set	50% sold HTA	30% sold HTA
Soybeans	90% sold with basis set	50% sold HTA	20% sold HTA
Wheat	100% sold with basis set	50% sold HTA	none

Prior Price Targets: The prior MNWestAg price targets have all been exceeded.

Goldman Sachs cut their three-month corn price forecast to \$8/bushel and lowered their Soybean forecast from \$15 to \$14 per bushel, with the six and 12-month soybean price forecasts also down from \$15.75 to \$14.75 per bushel.

Thoughts for 2012 crop, the only price floor we have today for 2012 is loan rate of \$1.85 corn and \$4.90 soybeans

Next Major USDA Reports:

Hog & Pigs Friday June 24, 2011

USDA Quarterly Hogs and Pigs Report

Market Analysts' Pre-Report Estimates

USDA Hogs & Pigs Report June 24, 2011	Percent of June 1, 2010	
	Range	Average
Inventories on June 11		
All hogs and pigs	99.7 - 100.9	100.1
Kept for breeding	99.0 - 100.8	100.1
Kept for market	99.7 - 100.9	100.1
Under 50 lbs.	99.0 - 100.1	99.4
50-119 lbs.	99.8 - 101.1	100.5
120-179 lbs.	100.0 - 102.0	101.0
180 lbs. and over	98.5 - 101.4	100.0
Farrowings ²		
Mar-May sows farrowed	97.4 - 99.2	98.2
Jun-Aug Intentions	97.0 - 99.4	98.0
Sep-Nov Intentions	97.5 - 101.3	99.2
Mar-May Pig Crop ¹	98.9 - 100.3	99.5
Mar-May pigs saved per litter	101.0 - 102.0	101.5

Source: DowJones Newswire

Thursday June 9, 2011 WASDE & Crop Production, Thursday June 30, 2011 Planted Acres & Grain Stocks

Hedge: a means of protection against something, especially a means of guarding against financial loss

Speculate: to form a conjecture on the basis of incomplete facts or information, to engage in financial transactions that have an element of risk.

Market Talk The commodity complex has been under heavy pressure lately as funds continued their technical liquidation. Ongoing economic worries and easing weather concerns also weighed on commodity values, as did heavy losses in the outside markets. Buyers were hesitant to establish new long positions though, which kept most grain contracts pressured.

A story in yesterday's trade was the state of the U.S. economy. Jobs report showed 9,000 more people filed for first time unemployment last week, and housing sales dropped 2.1% in the month of May. As a result, President Obama announced he would begin releasing 2 million barrels of crude oil per day from the strategic reserves to help support the economy. In turn crude oil dropped nearly \$6.00 per barrel during the session, and pulled all commodities down with it.

Export numbers were poor on both corn and soybeans. Old crop corn sales totaled a mere 16.2 million bu, and new crop came in at a low 4.7 million bu. The number on old crop soybean sales was a negative 1.2 million bu as previous bookings were canceled, and new crop totaled 8.7 million bu. Wheat sales for the week were a solid 24.3 million bu.

The Census crush report for May for this week offered little support. Soybean crushing in the month totaled 128 million bu, which was right in line with estimates and nearly the same total as a year ago. Soybean product inventories declined from the previous month which was positive for the complex, however the trade knows that crushing have slipped since this data was collected.

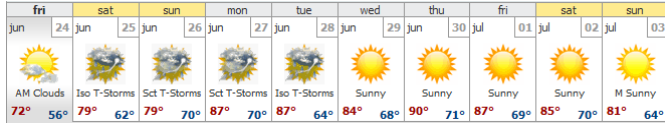
Outside Markets:

U.S. Dollar Index	75.840	-0.064	-0.08%	Euro FX	1.41910	+0.00090	+0.06%	Ethanol Futures	Jul 11	2.647p	-0.011
CRB CCI Index	624.00p	-10.00	-1.58%	Canadian Dollar	1.01680	-0.00170	-0.17%	Gasoline RBOB (E)	Jul 11	2.8376p	-0.1357
Gold	1521.8	+1.7	+0.11%	Japanese Yen	1.24630	+0.00450	+0.36%	Diesel Gulf (Ulsd)	Jul 11	2.8561s	-0.2071
Silver	35.150	+0.145	+0.41%	Australian Dollar	1.04460	+0.00610	+0.59%	Heating Oil (E)	Jul 11	2.7817p	-0.1732
DJIA	11976p	-47	-0.39%	Chinese Renminbi	0.154580p	-0.000220	-0.14%	Crude Oil Brent (E)	Aug 11	106.70	-0.56
S&P 500 Index	1276.70	-0.30	-0.02%	Mexican Peso	0.084125s	-0.000725	-0.85%	Natural Gas (E)	Jul 11	4.193p	-0.124
Nasdaq 100	2241.75	+4.25	+0.19%	1-Month Libor	99.7950	+0.0025	-	Polypropylene	Jul 11	0.7900s	0.0000
Russell 1000 Growth	588.90	+0.10	+0.02%	T-Bond	126-09	-0-05	-0.12%	Polyethylene	Jul 11	0.5900p	0.0000
MSCI Em Index	1102.00p	-2.50	-0.23%	3-Month T-Bill	99.2700s	0.0000	-	Rme Biodiesel	Jun 11	1509.545p	-4.273
Nikkei 225	9670.00	+80.00	+0.83%	5-Year T-Note	122-2.5	+0-2.5	+0.03%	Coal Futures	Jul 11	76.62p	-0.58
Brazilian Real	0.62625p	-0.00210	-0.33%	10-Year T-Note	124-085	-0-025	-0.06%	Uranium	Jun 11	54.50p	0.00

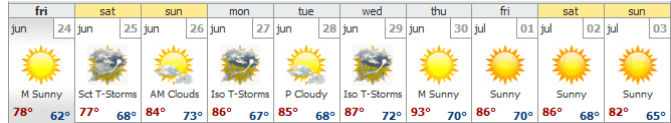
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Weather The big orange ball that was forecast to appear in the sky did so at about 7:00 p.m. last night.

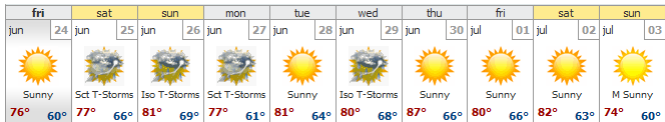
Central Illinois:



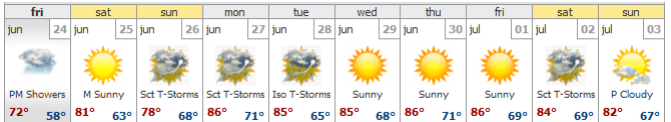
Central Iowa:



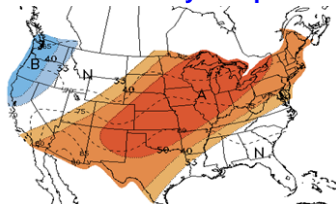
South Central Minnesota:



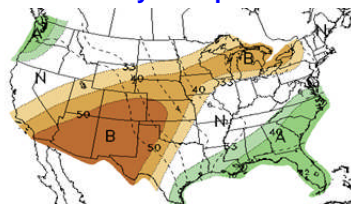
Central Indiana:



8-14 Day Temp



8-14 Day Precipitation



Current Radar



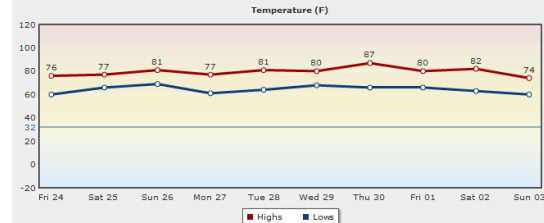
Last 24 hr Precip



Official Weather Station -2011

SW Research and Outreach Center
University of Minnesota
Lamberton, MN 56152

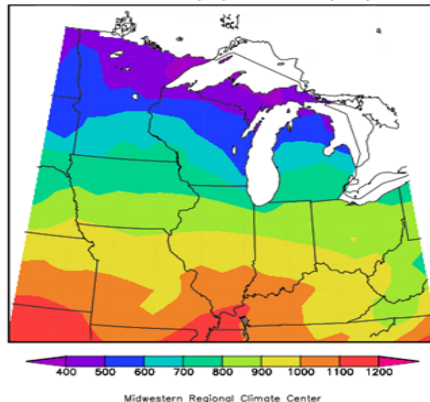
	Monday, June 20	Tuesday, June 21	Wednesday, June 22
Air Temperature	Max = 81; Min = 62	Max = 73; Min = 62	Max = 75; Min = 60
Soil Temperature			
2 inch	Max = 91; Min = 73; Ave = 82	Max = 83; Min = 74; Ave = 78	Max = 86; Min = 74; Ave = 80
4 inch	Max = 79; Min = 63; Ave = 71	Max = 78; Min = 65; Ave = 71	Max = 77; Min = 63; Ave = 70
8 inch	Max = 72; Min = 64; Ave = 68	Max = 67; Min = 64; Ave = 65	Max = 67; Min = 64; Ave = 65
Daily Precipitation	0.00"	1.46"	1.15"



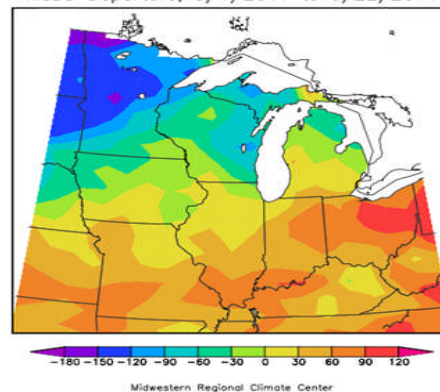
Season to Date Modified Growing Degree Day Maps

Modified Growing Degree Days are similar to Growing Degree Days with several temperature adjustments. If the daily maximum temperature is above 86°F, it is reset to 86°F. If the daily minimum temperature is below 50°F, it is reset to 50°F. Once the max/min temperatures have been modified (if needed), the average temperature for the day is computed and compared with a base temperature, which is usually 50°F for corn and soybeans. Modified Growing Degree Days are typically used to monitor the development of corn, the assumption being that development is limited once the temperature exceeds 86°F or falls below 50°F. For example, if the high for the day was 92°F and the low 68°F, the average for use in the Modified GDD calculation would be $86 + 68 = 154 / 2 = 77$.

Total MGDD from 5/1/2011 to 6/22/2011



MGDD Departure, 5/1/2011 to 6/22/2011



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Corn: Morning: July 11 Corn is at \$6.93 , up 12 ½ cents, Sept 11 Corn is at \$6.77 ½ , up 9 ½ cents,

Dec 11 Corn closed at \$6.52 ½ , up 6 ½ cents. Mar 11 corn closed at \$6.64 ½ , up 6 ¾ cents

Yesterday's Close: Jul 11 Corn closed at \$6.80 1/2, up 3 cents, Sep 11 Corn closed at \$6.68, down 4 1/4 cents, Dec 11 Corn closed at \$6.46, down 4 1/4 cents Dec 12 Corn closed at \$5.99, down 4 1/4 cents

The limit on Corn futures was expanded to 45 cents today after the limit down move on consecutive months yesterday. The markets started out under pressure from all sides with the spot corn month down 38 cents at one time. The low in July corn was \$6.39 and the low on Dec was \$6.20. The market hit those levels early in the session and buyers were attracted. Spot corn ended up 3 cents on the day and the new crop contracts closed 4 cents lower but were also 3 cents higher at one time. Export sales were at the low end of trade estimates at 531,063 MT for the combined marketing years. The dollar closed higher and was a full point higher at midday. Stocks closed 59.67 points lower but rallied from 234 points lower on rumors of a five year debt restructuring plan for Greece. The International Energy Agency (IEA) in a surprising action announced they will release 60 million barrels of mostly brent crude oil reserves over the next 30 days in several countries in an effort to ease global economic woes. Basis levels were firm at river terminals.

Soybean Complex: Morning: Jul 11 Soybeans closed at \$13.23 ¾ , up 6 cents , Sept 11 Soybeans closed at \$13.21 , up 6 ¼ cents, Nov 11 Soybeans closed at \$13.25 , up 7 ¾ cents, Jan 11 Soybeans closed at \$13.36 , up 8 ¾ cents

Yesterday's Close: Jul 11 Soybeans closed at \$13.17 ¾ , down 12 1/2 cents, Aug 11 Soybeans closed at \$13.16, down 15 cents, Nov 11 Soybeans closed at \$13.17 1/4, down 15 1/4 cents, Jul 11 Soybean Meal closed at \$340.60, down \$6.50, Jul 11 Soybean Oil closed at \$55.15, down \$1.00

Soybean futures closed lower under pressure from the general commodity sell off and a reduction in exports for the 2010/11 marketing year. Net sales were reduced 32,100 MT for 2010/11. China decreased 2010/11 purchases by 114,000 MT but bought 235,000 MT for 2011/12 delivery. Private exporters also announced the cancellation of 452,500 MT of soybeans for 2010/11 delivery and the purchase of 301,500 MT of soybeans for 2011/12 delivery from an unknown destination. Stats Canada released the results of their March 31st survey showing farmers intentions to plant 17.7% more canola than the record area planted in 2010 of 16.818 million acres to 19.8 million acres. The Canadian Wheat Board said the March survey had not yet taken into account excessive moisture and floods that will leave 6 to 8 million crop acres unplanted. The weather forecast in the U.S. is calling for above normal temperatures and normal to below normal rainfall in much of the Midwest allowing soybean emergence to catch up and drying out some of the wetter areas until July 2nd. The weather will also allow for the wheat harvest to be completed. The quarterly stocks report will be out June 30th and analysts are expecting inventory will be adequate because usage has been tapering off in 2011. Soybean bids were firm at processing plants in the western Midwest on support from the thin inventories.

Wheat: Morning: Jul 11 CBOT Wheat closed at \$6.57 ½ , up 8 ½ cents, Jul 11 MGEX Wheat is at \$8.55 , up 11 cents

Yesterday's Close: Jul 11 CBOT Wheat closed at \$6.49, up 10 ¾ cents, Jul 11 KCBT Wheat closed at \$7.60, down 10 cents, Jul 11 MGEX Wheat closed at \$8.44, down 16 ½ cents

Wheat futures closed substantially off earlier sharply down prices with the spot month of CBOT wheat closing on the plus side. Wheat export sales were 661,333 MT with export shipments outpacing the last four years for this week. Wheat made new 3 (MGEX) and 6 month lows (KCBT and CBOT) before rallying into the close. The latest weather forecast should accommodate the completion of the winter wheat harvest and although yields have been down they are improving as the harvest moves north. Stats Canada said growers intended to plant 23,568,000 wheat acres in 2011 compared to 21,065,000 wheat acres in 2010. But those statistics were collected before the affects of the excessive moisture this spring had taken place. The Canadian Wheat Board expects that 6 to 8 million acres will go unplanted, the highest number of fallow acres in 50 years.

Cattle: Yesterday's Close: Jun 11 Cattle closed at \$112.250, up \$0.975, Aug 11 Cattle closed at \$112.725, up \$1.025, Oct 11 Cattle closed at \$118.850, up \$0.975, Aug 11 Feeder Cattle closed at \$137.850, down \$0.150 Sep 11 Feeder Cattle closed at \$138.675, up \$0.275 Oct 11 Feeder Cattle closed at \$138.850, down \$0.050c

Cattle futures reversed earlier direction and closed on the plus side by about a dollar on the first three contracts. There still has not been enough cash business to set a market trend. Cash cattle business in the Southern Plains was inactive on very light demand and not enough sales to make a market trend. Trade in NE was active on moderate demand. Sales were steady to \$2 higher than last week in the dressed at \$178 to \$180. Live sales were steady with last week at \$112. Packer margins remain good. Beef export sales were a whopping 23,100 MT with shipments at 17,100 MT. Boxed beef were higher again this afternoon. Choice beef was \$0.49 higher at \$178.46 and Select beef is \$0.28 higher at \$173.29. Yesterday's Cold Storage Report showed beef supplies were up 25 percent from last year and up 2 percent from last month.

Hogs: Yesterday's Close: Jul 11 Hogs closed at \$97.000, down \$1.275, Aug 11 Hogs closed at \$95.900, down \$1.425 Oct 11 Hogs closed at \$88.050, down \$1.650

Lean Hogs closed lower unable to muster the strength seen in the cattle but did close off the lows of the day. There was probably some position evening ahead of tomorrow's quarterly Hog and Pig report. Estimates for the report averaged 100.1 for All Hogs, 100.1 for Kept for Breeding, 100.1 for Market Hogs and 98.2 for Mar/May Farrows. The Lean Hog Index is at \$97.44 up \$1.72 for June 21st. Cash hog prices for IA/MN ended \$2.10 higher at \$103.51. WCB hogs were \$1.70 higher at \$103.03 and the ECB hogs were \$2.98 higher at \$99.81.

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Pork was slow with mostly moderate demand and very light to light offerings. The pork Carcass price posted a new record high this afternoon. The Cold Storage Report yesterday showed pork supplies were down 1 percent from last month and up 22 percent from last year. Exports have also been running ahead of a year ago.

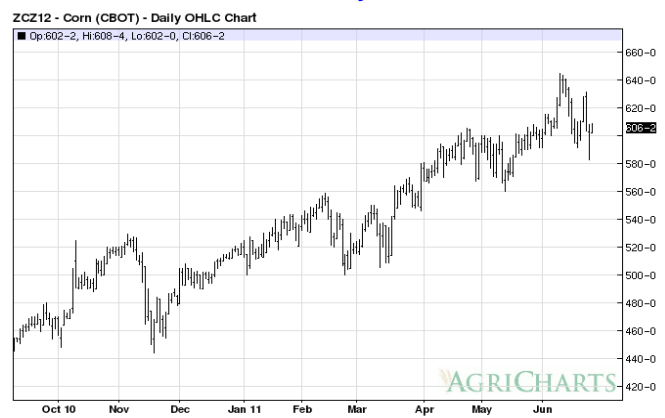
Cotton: Yesterday's Close: Jul 11 Cotton closed at 164.55, up 333 points, Oct 11 Cotton closed at 125, down 322 points Dec 11 Cotton closed at 119.4, down 205 points

Cotton closed mixed with old crop higher and new crop lower. Financial markets were throwing a fit earlier after crude oil dropped \$4 on news that oil will be released from the strategic reserves, dragging down equities and ag. Old crop cotton had support from speculative shorts trying to exit before first notice tomorrow. Old crop cotton price is doing a good job of rationing supply with another reduction in net Upland export sales. A reduction of 22,300 RB resulted in decreases from China, Morocco, Mexico and Indonesia that were not offset by new sales. This was the first week we have seen a net sales reduction for the 2011/12 marketing year however. Sales for 2011/12 were reduced by 33,100 RB. According to the Drought Monitor 91% of Texas is in exceptional or extreme drought.

Dec 11 Corn Daily Chart

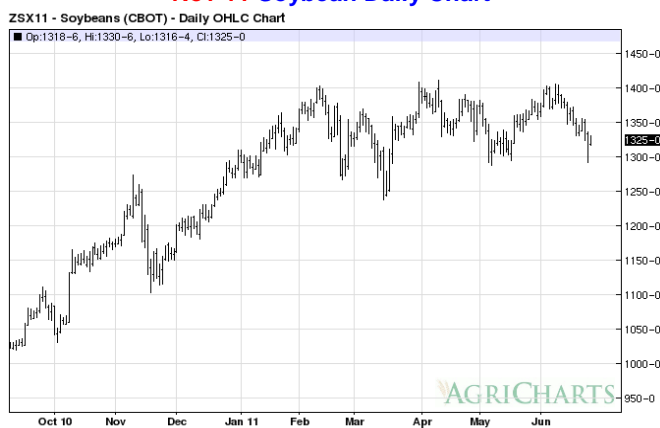


Dec 12 Corn Daily Chart

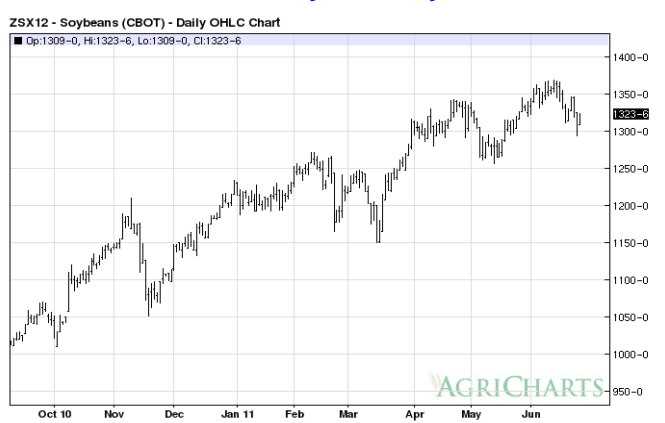


Given the carry out projections it appears that 2012 corn may be discounted plenty with nearly a 50 cent discount to Dec 2012 futures. Even with that, if cash flow needs are going to be considerable for the fall of 2012 and your financial capacity to withstand a financial storm are limited, and land costs are known on some of your farmland and you don't have any 2012 sales in place, you should consider capitalizing on the opportunity being presented. We think that the market will try to rally on a June 30 confirmation of decreased corn acres. However, cool and moist weather have USDA showing good crop ratings but it doesn't tell the story of potential impact late maturity which will remain unknown until this fall. Full moons are on Sept 12th and again on Oct 12th

Nov 11 Soybean Daily Chart



Nov 12 Soybean Daily Chart



Given the carry out projections it appears that 2012 soybeans may be priced fairly with Nov 2012 futures nearly even with Nov 2011 futures. Even though a possible short crop in the US would incentivize South America to add acres, it is believed that they have somewhat limited capacity to expand rapidly with new land. Like with corn, if cash flow needs are going to be considerable for the fall of 2012 and your financial capacity to withstand a financial storm are limited, and land costs are known on some of your farmland and you don't have any 2012 sales in place, you should consider capitalizing on the opportunity being presented.

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Sept 11 Mpls Spring Wheat Daily Chart

MWU11 - Spring Wheat (MGEX) - Daily OHLC Chart



Sept 12 Mpls Spring Wheat Daily Chart

MWU12 - Spring Wheat (MGEX) - Daily OHLC Chart



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